

What brands can learn from China's fast-growing 618 shopping festival

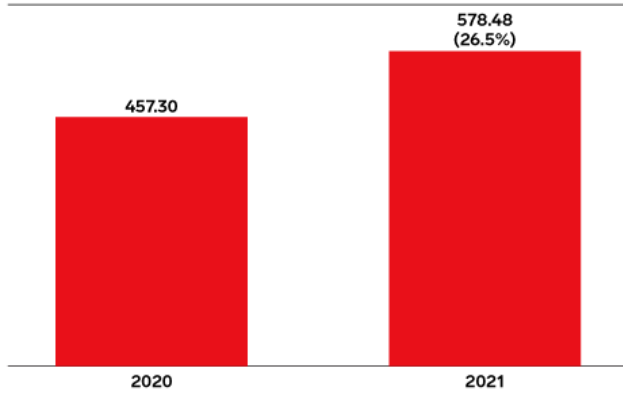
Article

China's second-largest annual shopping festival broke records last month, generating more sales and attracting more brands than ever before. Held each year around June 18, the 618 promotional event is still smaller than Singles' Day, but its rising scale reflects a growing appetite for a midyear alternative to the November ecommerce extravaganza.

During the most recent 618 festival, business-to-consumer ecommerce sales grew 26.5% year over year, reaching an unprecedented RMB 578.48 billion (\$83.81 billion), according to data analytics firm Syntun.

618 Shopping Festival* B2C Ecommerce Sales in China, 2020 & 2021

billions of Chinese yuan renminbi and % change



Note: *June 1-June 18, 2021

Source: Syntun, "Interpreting data from 618 Ecommerce Sales Data"; Insider Intelligence calculations, June 21, 2021

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To put the size of 618 in perspective, top ecommerce players Alibaba and JD.com reported a respective RMB 498.2 billion (\$72.2 billion) and RMB 271.5 billion (\$39.3 billion) in sales from last year's Singles' Day, which took place over the first 11 days of November.

Consumer appetite aside, 618's rising sales figure is partly due to how long the event itself has become. Some platforms have stretched the shopping window to nearly a month, from May 20 to June 18, with the days lead up to June generally dedicated to presale promotions.

The elongated period—in contrast to the 24-hour mad dash of past years—gives consumers time to plan out their purchases and explore new products and deals on various platforms. This also provides brands with opportunities to monitor results and adjust accordingly. A lengthier event also makes sense in the era of content-driven livestreaming commerce, given that a single livestream session could span hours.

With short-video apps building out ecommerce functionalities of their own, brands had a wider array of platforms to sell on during 618. ByteDance reported that the number of brands selling on Douyin (TikTok's sister app) almost tripled this year. What's more, new antitrust guidelines forbid China's internet giants from requiring brands to sell exclusively on their

marketplaces. This, along with Beijing’s antitrust crackdown in December, has given brands new freedom to be on any platform of their choosing.

Despite these developments, traditional ecommerce players continue to lead in 618 sales. Alibaba, JD.com, and group-buying giant Pinduoduo were the top three retailers at this year’s event, according to Syntun. Consumer electronics was the fastest-growing major product category on Alibaba’s Tmall from June 1 to June 18, 2021, per ecommerce data provider ECDataway. Meanwhile, on JD.com, sports and outdoor goods posted the highest sales growth during that time frame.

Sales Growth of Select Major Product Categories in China During the 618 Shopping Festival on Tmall vs. JD.com, June 1-18, 2021

% change vs. same period of prior year

	JD.com	Tmall
Sports and outdoor	38.1%	2.6%
Furniture and home decor	37.2%	10.0%
Personal care and beauty	33.0%	22.2%
Apparel, accessories, shoes, bags, etc.	25.6%	9.3%
Consumer electronics	24.8%	37.7%
Auto accessories	23.3%	1.6%
Mother and baby products	22.4%	3.3%
Household goods	17.3%	-1.6%
Food and wellness	1.6%	0.7%

Note: represents activities tracked by ECDataway, broader industry metrics may vary

Source: ECDataway as cited in press release, June 21, 2021

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These juggernauts have proved resilient in the crowded ecommerce space, and they have upped the ante in their service offerings in recent years. For example, Tmall supports brands in content creation, product research and development, and shipping and logistics—all backed by data in its robust ecosystem. The number of brands that participated in Tmall's 618 activities this year was more than double what it was last year.

Brands also embraced super app WeChat and all that its universe of features—particularly its miniprograms—had to offer. For example, during this year's event, Giorgio Armani Beauty didn't just run ads for its main miniprogram on WeChat Moments. The luxury brand also created posts on other social platforms—including Douyin and Xiaohongshu (a cross between Instagram and Pinterest, also known as Little Red Book)—that linked to the miniprogram. Ultimately, Armani Beauty's miniprogram generated 279% more in sales than it did at last year's 618, Vogue Business reported.

In addition, brands are promoting their livestreams on WeChat, which has been working to improve the user experience in the past few years. These livestreams take place via brands' public accounts, Channels (the app's short-video feature), WeChat stores, and private group chats. Estée Lauder, for example, reported that social commerce sales via its miniprogram more than doubled during this year's 618, including a 600% jump in sales catalyzed by livestream. Similarly, sales made through Sephora's miniprogram rose more than 60% year over year, surpassing RMB 100 million (\$14 million).

Online shopping festivals in China are often a bellwether for new trends, a must-see event where marketers get inspired by novel shopping ideas. At this past 618, JD.com offered consumers the option to purchase its proprietary products using Digital Currency Electronic Payment (DCEP), the country's emerging digital currency. Other notable trends include the usage of **virtual influencers** and the success of **homegrown direct-to-consumer brands**.